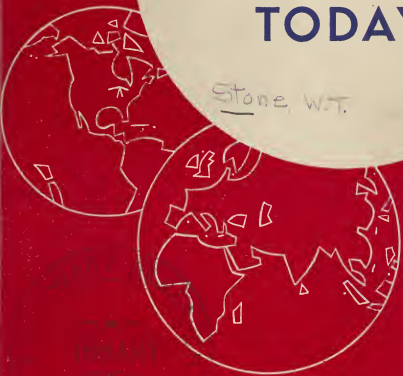


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# AMERICA'S CHOICE TODAY

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# AMERICA'S CHOICE TODAY

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# AMERICA'S CHOICE TODAY

## *An Attempt to Clarify American Foreign Policy*

America must act! Action is forced by the cataclysmic events in Europe which have brought this nation and the nations of the Western Hemisphere to the threshold of fateful decisions. As free people, we may have legitimate differences of opinion on the best course to follow, but we are no longer passive or unconcerned. We know now that we cannot be indifferent to the outcome in Europe, and that our own interests will be affected by what happens within the next few weeks or months. We also recognize, belatedly, that action must be taken whatever course we attempt to follow, and that no course now open to us is without risks.

With the nation facing unexpected dangers, our first action has been to look to our own defenses, and to launch feverish preparations for the expansion of our military establishments. In response to the President's urgent appeals, Congress has voted more than \$5,300,000,000 to meet the cost of a vast emergency national defense program during the coming year. These funds, which are certain to be increased if the war continues, provide for new ships and guns, tanks and airplanes, and the trained manpower to handle them. But even before the funds can be put to work, we are beginning to recognize that armaments alone cannot provide an impregnable defense, no matter how much we spend, unless we also have a clear foreign policy, and know what kind of political and economic program we hope to defend.

The revolutionary nature of the forces which produced the war in Europe, and which this war unleashed all over the world, compel us to formulate policies looking beyond the immediate crisis toward the world order that may emerge when the fighting comes to an end. If the American people are to deal with the hard realities now confronting them, they must be prepared to face distasteful facts without flinching, avoid wishful thinking, and take as long a view as they can in reaching critical decisions. They cannot afford

to yield to panic or hysteria. The gravity of the occasion calls for a cool appraisal of the worst contingencies that may face us, the re-examination of our basic objectives, and the formulation of positive measures to accomplish those objectives.

In this pamphlet the members of the research staff of the Foreign Policy Association attempt to examine some of the contingencies ahead of us, and to appraise the circumstances in which our country must chart its course. We realize our limitations and the inadequacy of the information at our disposal. And we are aware that the swift rush of events has already narrowed the theoretical alternatives we were debating only yesterday. But we believe that this country still has a margin of choice, perhaps wider than any other great power in the world, and that American citizens have a responsibility to base national action on sober judgments rather than sheer emotion.

Without in any way accepting the philosophy of defeatism, we analyze the probable effects of a Nazi victory on Europe, this country and the world, and attempt to appraise the policies still open to the United States. Whatever the United States might have done in the past to prevent the European war, it can do little more than it is already doing to turn the military balance during the next few weeks, which may prove decisive. Should the war continue in Europe, or spread from Europe to the periphery, we must choose our course on the basis of national interest, in the broadest sense of that term.

## *1. PROBABLE EFFECTS OF NAZI VICTORY IN EUROPE*

### *What peace terms would Hitler be likely to impose?*

When Adolf Hitler chose the historic Compiègne forest as the place for handing his armistice conditions to France, he sought to "eradicate the memory" of the armistice signed in the same setting twenty-two years before and to dramatize the reversal of the European order established at Versailles. Hitler's reported desire to convene the final peace conference in the historic town hall at Muenster, however, would seem to indicate the Nazi intention of reversing not only the Treaty of Versailles, but also the Treaty of Westphalia, signed in 1648 at the close of the Thirty Years' War. The Treaty of Westphalia splintered Germany into some 300 tiny principalities, recognized the emergence of small independent states

like Switzerland and the Netherlands, and doomed the Germans to a period of disunity which lasted until 1870, and was not completely overcome until Hitler's rise to power. If Germany's "historic mission" is to re-establish the system shattered by the Thirty Years' War, it is not fantastic to expect that the Nazis will seek to revive the Holy Roman Empire, in the modern guise of *Europa Germanica*, and create a new Imperium embracing most of Europe and Africa. The economic counterpart of this political system would be a planned regional economy, organized around the Nazi concept of *Grossraumwirtschaft*—or, literally, "large room economy."

It is possible, of course, to find comfort in the thought that these grandiose plans may prove the final stage in the historic process of European unification. Some Americans believe that a German victory may, in the long run, prove less disastrous for the Western World than has been hitherto assumed, and that once the Germans have achieved domination of the continent, they will shake off their century-old "encirclement" neurosis, and emerge in their true character as efficient administrators of a Europe organized under their political leadership and geared to their economic needs.

Those who take refuge in this hope suggest that Prussian militarism and the worst excesses of the Nazis, such as their treatment of Jews, liberals, pacifists and socialists, were due primarily to the insistence of German nationalists, from Johann Gottlieb Fichte to Hitler, that the German state should be purged of all elements which might weaken its struggle to achieve domination of Europe. They believe, therefore, that following a German victory the Nazis may "settle down," relax their rigid political, economic and intellectual controls, and proceed with the development of their continental empire, leaving the rest of the world relatively undisturbed. This argument finds some support among Germans—Nazis as well as non-Nazis. However, the prevailing Nazi conception of restoring Europe's political and economic unity, and the treatment accorded Germany's vanquished enemies in the past, do not at present encourage optimism in this respect. The peace, if Germany wins the war, is certain to be a Nazi peace, and not a return to the "normalcy" of pre-1939 Europe.

### *Would a Nazi peace bring a united Europe?*

If a victorious Nazi government, three hundred years after the Treaty of Westphalia, attempts to re-establish the system shattered

by the Thirty Years' War, the small states of Europe will have little hope of recovering their independence. The Nazis believe that the day of small states has passed, and that these states should not be allowed to hold rich colonial possessions, such as Belgium has in the Congo or the Netherlands in the East Indies. The new era, they claim, will see the emergence of several vast continental areas, each under the control of one dominant people—Germany in Europe, Japan in Asia, and the United States in the Western Hemisphere. Russia, which spreads over two continents, might be allowed to "cooperate" with Germany and Japan, or might eventually fall under the domination of these two powers. Africa would be controlled and developed by Germany and Italy.

In such a system there would be little room for France and Britain, except possibly as second-rate countries on the fringes of the Atlantic, isolated both from Europe east of the Rhine and from their empires overseas, and coordinated with Germany in the sense that their political and economic structure would have to meet with the approval of the Reich. Not only would France and Britain be reduced to a subordinate status, but a determined effort would probably be made to destroy every possibility of recovery on their part, such as the Reich was allowed to undertake after 1919. The armistice terms imposed on France leave no doubt that the Nazis will seek to annihilate all those intellectual and physical forces which might eventually permit the vanquished powers to recover from defeat and, in turn, embark on a policy of revenge. Should the Nazis spare the Allies from complete annihilation, they may at least be expected to use the material resources of France and Britain to increase their own power, and to compete with the United States in what would remain of non-European markets. They may also be expected to eliminate, either by imprisonment or execution, all individuals and groups which in the past have opposed Nazism and "appeasement."

### *Would there be local autonomy?*

It is quite possible that a victorious Germany would permit a degree of local autonomy in Europe. The Nazis may seek to establish a hierarchy of vassal peoples under which France might be treated a shade better than Britain, now regarded as Germany's mortal enemy. Some small countries like Holland, Denmark, Norway and Sweden, whose peoples are regarded as akin to the Germans, might receive preferential treatment, as compared with the



Slavic nations of Eastern Europe, whom the Germans regard as "inferior." An ally like Italy might be allowed to share the spoils of victory. Under such a hierarchy—which is in line with the Fascist concept of the inequality of men and races—it is conceivable that local leaders subservient to German demands would be allowed to rule in many European countries, with the full backing of the Nazi war machine for suppression of dissident movements.

In some respects such an arrangement would be reminiscent of the "Continental System" which Napoleon established after the battle of Austerlitz. Controlling, directly or through allies, the whole of continental Europe, Napoleon attempted to ruin Britain by excluding it from the continent's trade, while the British, confined to their islands, attempted to blockade the whole of Europe. The "System" eventually broke down, largely because the nations which France had subjugated revolted against Napoleon's rule.

In another sense, a Nazi-controlled Europe would resemble the attempt of the Holy Alliance after 1815 to hold down "subversive" movements in Europe with the aid of Metternich's secret service and the armed power of Russia and Austria. The parallel cannot be pressed too far, however. A striking difference between the Holy Alliance and the Nazi concept of a united Europe is that the former represented the effort of a traditional reactionary system to suppress revolutionary tendencies, whereas the Nazis—despite their original claim to be the bulwark against Bolshevism—have rejected the now traditional democratic concepts and proclaimed themselves the revolutionary advocates of the "new order."

Thus, if the Nazis win the war, the United States is likely to face a situation in which the entire European continent will have been forced to reject capitalism and democracy, and accept totalitarian concepts. We may then find ourselves in the position of being the sole great exponent of democracy, and of having to defend single-handed a system abandoned by most of the world. Paradoxical as it may sound to most Americans, the United States will undoubtedly be represented by a totalitarian Europe as a reactionary power which is blocking the spread of new revolutionary ideas to the Western Hemisphere. In fact, in his proclamation of Italy's entrance into the war, Mussolini inferentially included the United States among the "pluto-democracies."

It is the spread of Nazi ideology and the pressure of German economic competition rather than the danger of world conquest by

force of arms which constitute the sharpest challenge to the United States. Hitler may, of course, aspire to a Napoleonic rôle on the world stage, but Napoleon, in his day, found there were limitations to physical conquest. The Nazis, however, have demonstrated that they understand the importance of economic penetration and political propaganda, and their technique of undermining opposition from within has proved its effectiveness not only in Europe, but in many other parts of the world. Economic and political penetration is the most probable first stage of Germany's overseas expansion.

*What territorial settlement would a victorious  
Germany probably impose?*

The armistice terms demanded of France gave no precise indication of the general colonial settlement which the Nazis are certain to impose if Great Britain is conquered. Such a settlement would probably include return of the former German colonies in Africa—the strategically important German Southwest Africa, now under administration of the Union of South Africa; Tanganyika, on the east coast; Togoland and the Cameroons facing the Atlantic on either side of British-controlled Nigeria. Other British and French colonies might be divided between Germany and Italy, with the latter taking over most of Northern Africa. This would probably mean that Spain or Italy—subject perhaps to German supervision—would control Gibraltar and French Morocco. Italy would probably control Suez, although Hitler might be expected to have the dominating voice in the disposition of territories in the Near East. Under the terms of the Franco-Italian armistice, Italy has already claimed “full rights” in Djibuti, the rail outlet from Italian East Africa (Ethiopia), and the demilitarization of all French naval bases in the Mediterranean and North Africa. Mussolini might be granted some form of protectorate over Egypt. Portugal and its colonies in Africa and in the Atlantic might be assigned to Spain, which would be encouraged to use its influence in the Western Hemisphere to bring Latin American countries into line with the Rome-Berlin-Madrid axis. Bulgaria and Hungary, which enjoy the favor of Germany and Italy, might be given an opportunity to revise their frontiers at the expense of Rumania, Yugoslavia and Greece, which on the whole have been sympathetic to the Allies. The Balkan countries would then be brought by force or persuasion within the orbit of Germany and Italy, or the Soviet Union. Turkey might be

left untouched, although it would certainly have to adjust its relations with Germany and Italy, as well as the U.S.S.R.

For the time being, Germany might permit Russia to remain unmolested; but in the long run, it may be expected that the Nazis will strive to obtain the Ukraine, with its food resources, and the Caucasus, with its rich oil fields.

Once the bulk of Europe's Catholics are under Nazi and Fascist rule, the Vatican might find it impossible to resist the tide, and be forced either to come to terms with a greater Germany or else risk the loss of its influence in Europe. If the Vatican should come to terms with Hitler, then its power, too, might be used via Spain and Italy to rouse the Latin American countries and Canadian Catholics against the influence of the predominantly Protestant United States.

*What are the main features of the economic organization contemplated by the Nazis?*

It is even more difficult to forecast in precise terms the economic future of a Europe under Nazi domination. The only recent official German declaration on this subject was a statement by Hitler in his speech to the Reichstag on October 6, 1939—a month after the outbreak of the war. This statement, which throws little light on Nazi economic plans, merely advocated a "real revival of international economic life, coupled with an extension of trade and commerce." Semi-official Nazi statements are more revealing. Werner Daitz, a leader of the Foreign Affairs Bureau of the Nazi party, speaks of Europe's *Grossraumwirtschaft*, or the planned regional economy, as extending "from Gibraltar to the Urals and from the North Cape to the Island of Cyprus," reaching out "across the Roman Imperium to Africa and across Soviet Russia far toward Asia." The center of this unit would be formed by the three largest and most populous states of Central and Eastern Europe—Soviet Russia, Nazi Germany and Fascist Italy—which together possess a population of at least 340,000,000. All other European countries would be "grouped" about this core.

According to many Nazi writings, Europe's future economic organization will have two main features:

First, it will be composed of a series of national economies, each with some degree of autonomy. In each national economy, there must be state direction and control in order to insure that all the factors of production—labor, capital and land—are completely

utilized. As in Germany, the Nazis will abolish the "machinery of class struggle," with the state controlling production and investment and fixing the conditions of labor.

Second, the entire system, according to Nazi theory, will revolve around and complement Germany's economic life. Under German leadership, the economic activity of each subordinate national economy will be geared to that of the Reich. The Nazis point to the Rumanian-German agreement of March 3, 1939 as a model for this plan. In that accord, the two countries agreed on a long-term program—interrupted by the war—to adjust Rumanian economy to the German market. With German aid, Rumania was to produce oil, copper, manganese, chromium and other minerals needed by Germany, raise the production of vegetable oil seeds, such as sunflower, flaxseed and soya beans, and develop industries based on the processing of local raw materials and agricultural products. At the same time, Rumania was to avoid competing directly with German industries.

This type of "planned" international division of labor, the Nazis contend, will benefit non-German countries by raising general productivity, creating new jobs, giving small countries a stable, long-term market, and providing them with German capital and equipment on credit, which they can pay off with the goods they produce.

It would be a mistake to ignore these plans, or to allow our dislike of Nazi methods to reject them as unworkable. Even though the paper plans may not be fully carried out in practice, German organization and technical skill would undoubtedly succeed in developing the backward areas of Europe and increasing their production and standard of living. While the largest benefits would go to the Reich, it is quite possible that the population of some countries in Eastern Europe, perhaps including Russia, would be aided by such a program. The commercial and industrial leaders of these countries would probably be eliminated in favor of German leaders.

In Western Europe, the financial and industrial interests of Britain, France, Belgium and the Netherlands would undoubtedly be forced to yield their position to Germans, although the Nazis might allow some local autonomy. Germany would certainly attempt to control the overseas investments of these countries and to direct their foreign trade, probably forcing abandonment of the gold standard. At the same time, it would not be at all surprising to find the Nazis making attractive trade offers to the United States.

### *Is Europe economically self-sufficient?*

The emphasis of the Nazis on the economic development of Europe is due in large part to their desire to acquire sources of raw materials that cannot be cut off in the event of war. If the Nazis are able to acquire extensive colonial possessions and a large fleet capable of protecting sea routes, they may be expected to push an aggressive program of overseas expansion, if need be at the expense of immediate development of the Balkans and Russia. Even if the Nazis develop all of Europe's resources intensively, the continent would still fall far short of economic self-sufficiency. It would not be able to supply all of its own requirements in fodder, feed and foodstuffs or in such commodities as copper, lead, tin, rubber and coffee, and many other products. This factor alone, not to speak of the Nazis' desire to extend their political and economic rule, would motivate overseas expansion. In fact, effective organization and control over Europe's resources and markets would greatly strengthen Germany's economic bargaining power with extra-European countries.

Hitherto the effectiveness of Nazi foreign trade methods has been due to the fact that the Reich government, through its system of import licenses and foreign exchange allotment, and even through its own direct purchases in the field of agricultural products, had been able to decide where and at what prices any commodity could be bought abroad, and in what quantity. Thus it could go to any given country and guarantee the purchase of a certain proportion of that country's harvest or output of a particular product at fixed prices. In turn, it paid with marks which could be used only to buy German goods. This technique was pursued with great success both in Southeastern Europe and in Latin America. It gave Germany a considerable advantage over countries like the United States, which left every purchaser free, within the framework of general custom laws and trade treaties, to buy where he liked. It would be surprising indeed if the Nazis surrendered this advantage.

### *What would be the effect of a Nazi victory on the Far East?*

As indicated above, it is impossible to ignore the consequences of a Nazi victory in other parts of the world, even though Hitler may not be in a position to embark at once on a program of world conquest by force of arms. Apart from Latin America and the

strategic approaches to the Western Hemisphere, the area of greatest concern to the United States is the Far East.

For more than a century this country has taken an active interest in the affairs of the Pacific, and for more than forty years it has been an important factor in the balance of power in that area. Evidence of the interest of the United States is offered by our stake in the Philippines, our dependence on the East Indies for rubber and tin, our investments in the Orient, and our Open Door policy, with its demand for equal trading rights in China and its pledge to respect China's "territorial and administrative integrity." During the first World War we were concerned by Japan's Twenty-one Demands on China, and after the war we took the lead, at the Washington Conference, in reaffirming the Open Door and securing its acceptance by nine of the leading governments of the world, including Japan. Ever since Japan invaded Manchuria in 1931, upsetting the *status quo* created at the Washington Conference, our navy has been based in the Pacific. While we have not imposed an embargo on export of war materials to Japan, we have protested infringement of American rights by Japanese in China, and have aided the Chinese government by two small loans.

### *Will Japan rule Asia?*

A Nazi victory in Europe would immediately alter the balance of power in the Far East and probably offer Japan a rich prize in the resources of Southeast Asia, including the East Indies, Malaya, Indo-China, and possibly the Philippines. Many people believe that Japan will join an alliance with Germany and Italy against the United States, or that Hitler will give the Japanese a free hand to carve out their destiny in Asia. Either of these developments is possible. It should be remembered, however, that Japan was deeply disturbed by the signing of the Hitler-Stalin agreement in August 1939—which undercut the anti-Communist pact—and is still suspicious of German aims in Asia. Hitler, for his part, might not be willing to waive all claim to the wealthy colonial possessions of the East. In any case, it is doubtful whether Germany could take them without a struggle with Japan, or give them to Japan unless the United States had been forced permanently to withdraw its navy from the Pacific.

Germany and Japan might strike a bargain under which both countries would be guaranteed access to the raw materials of South-



eastern Asia, with the East Indies placed under the nominal control of the Netherlands or other puppet governments. Malaya, including Singapore, might be attached to such a puppet régime. Even under these conditions, disputes over the distribution of spoils might arise between the masters of Europe and Asia, and any attempt to carve up China would meet with the opposition of the Soviet Union.

During the first stage of the war in Europe, Japan was extremely cautious in dealing with the interests of Western powers in the Far East. The Tokyo government promptly declared its intention not to become "involved" in the conflict and insisted that its first concern was "settlement of the China affair." The government took little

notice of statements circulated by private groups like the newly founded Institute of the Pacific, which pointed to Japan's "golden opportunity" in the East Indies. This caution was due in part to the strength of the Western powers—including the United States—and the Soviet Union; in part to other obstacles which have not yet been removed. After nearly three years of hostilities Japan is still involved up to the hilt in China, the end of the war is not in sight, and economic conditions on the home front are serious, with scarcities in capital, labor and raw materials becoming more acute. Moreover, a direct attack on the East Indies would present formidable difficulties because of the distances involved—it is more than 2,500 miles from Yokohama to Singapore—and the local defenses which are by no means negligible. The oil wells of the islands, which represent the chief prize, are mined, and could be destroyed if a successful Japanese occupation appeared likely.

Nevertheless, with the defeat of France, there are signs that this early caution may be cast to the winds. The Japanese navy is the strongest striking power in the Far East, and the raw materials of the East Indies offer a greater prize to Japan than an unpacified China. Echoing Germany's call for a "new order" in Europe, Japanese spokesmen have begun to talk more eloquently of the "new order" in Asia. On June 29 Hachiro Arita, Japanese Foreign Minister, ventured further than any recent spokesman in picturing a vast aggregation of autonomous states in East Asia and the South Seas, united and held together by Japan's superior strength and supreme authority.

The fate of Australia, New Zealand, and all British and French possessions in the Far East would obviously hang in the balance in case of a German victory. Japan would unquestionably be able to take over Hong Kong, and could doubtless dictate its own terms regarding the British and French concessions in China. Rather than run the risks of a frontal assault on the East Indies, Japan might extend its piece-meal action, seizing the French Indo-China ports, one by one, and then taking over the outlying Dutch possessions—Borneo, Celebes, etc. But what Japan would do about Australia, New Zealand, Singapore and the Philippines would depend in large part on the whereabouts of the American navy. Ultimately, the consequences of a Nazi victory in the area of the Pacific may turn on the effect such a victory would produce on the United States, and the policy undertaken by this country in the area of the Atlantic.



The final answer may well be written in terms of American fleet action. And American fleet action, in turn, may depend on what happens to the British navy.

These tentative conclusions regarding Europe, Africa and the Far East lead us to consideration of the immediate and direct effects of a Nazi victory on the United States. The direct repercussions of a Nazi victory on the United States may be analyzed briefly under two main heads: (1) military and strategic consequences; (2) political and economic effects.

## *II. MILITARY AND STRATEGIC CONSEQUENCES*

The more obvious strategic consequences have been implied in the discussion of probable territorial changes in Europe, Africa and Asia. With Germany, or Germany and Italy, in possession of strategic naval and air bases now belonging to Great Britain, France and the small colonial powers of Europe, our insular security in the Western Hemisphere is threatened for almost the first time.

Since the end of the Napoleonic wars this country and the entire Western Hemisphere have been the beneficiaries of the European balance of power. As long as Europe maintained its precarious balance, and as long as British sea power remained supreme, no nation on the continent of Europe could threaten the Atlantic approaches to the continents of North and South America. Many Americans have forgotten that we helped to preserve the European balance of power by intervening in the first World War. American intervention turned the balance in 1918 and brought eventual victory to the Allies. At the end of that war, the United States declined to play any part in maintaining French and British supremacy in Europe, and rejected the League of Nations which President Wilson had conceived as replacing—but which Europe had accepted as an instrument for perpetuating—the old system of alliances. The defection of the United States was not the sole, nor perhaps the primary, reason for the breakdown of the European balance twenty years later—for which statesmen in France and Britain must carry their full share of blame—but the outcome, wherever responsibility is placed, has affected this country and the Western Hemisphere no less than Europe.

## *Two strategic areas*

It has affected the United States in two strategic areas: the Atlantic approaches to the Western Hemisphere, from Greenland to Brazil (some would say to Cape Horn); and the entire area of the Pacific, which includes our far-flung insular possessions as well as our nearer continental defense triangle bounded by Alaska, Hawaii and the Panama Canal.

During the past twenty years, or since the Washington Conference, we have spent roughly 10 billion dollars on the construction and maintenance of a navy "second to none" whose primary mission, in the words of the General Board of the Navy, is to "support the national policies and commerce, and to guard the continental and overseas possessions of the United States." During the past nine years, or since Japan invaded Manchuria in 1931, the United States fleet has been concentrated in the Pacific, where it has served as an instrument of American policy.

Theoretically, the strength and distribution of the American navy, regarded as our first line of defense, has been determined on the basis of our own needs, without alliances or "understandings" with any foreign powers. Actually, of course, both the size and disposition of the fleet have been governed by our relations with other nations, as well as by our foreign policies, which in turn govern our relations with potential friends or enemies and determine the missions which the armed forces may be ordered to carry out. Thus the 5:5:3 ratio established at the Washington and London Naval Conferences (initiated by the policy-making branch of the government) determined the size of the navy in relation to other powers between 1922 and 1936, when the treaties expired. Since 1936 the United States has been free, again theoretically, to build up to any levels it desired, but practically it has been governed by the relations of this country with other countries and the comparative strengths of other naval powers.

## *What is "adequate defense"?*

The results may be seen in relation to the actual situation existing during the years immediately before the outbreak of war. The United States was able to keep its navy in the Pacific as an instrument of policy only because the Atlantic approaches appeared to be in no danger of attack from potential enemies. As long as this

situation existed, the navy was "adequate" for the defense of the continental United States (in the Pacific defense triangle), and "reasonably adequate" for defense of the United States against any single foreign power. It was never adequate for single-handed operations in the Western Pacific because of the tremendous distances involved and the absence of American naval bases in the Far East. Japan, with its own near-by bases, was voluntarily granted naval dominance in the Far East under the Washington Conference ratio of 5:3; conversely, the United States was safeguarded against attack by Japan on its continental boundary, and was assured a dominant position in the Alaska-Hawaii-Panama area. Naval experts have testified that, to challenge Japan in its own waters, or even to assure the defense of the Philippines, which lie within Japan's zone of influence, we would require a ratio of at least 2 to 1 or preferably 3 to 1, plus naval bases at Guam and the Philippines capable of handling the largest battleships. Without such bases, and without some such ratio of superiority, we could not hope to dispute control of the seas in the Far East.

As long as the European balance of power remained, our defense program appeared reasonably adequate; it appears inadequate today only because a situation which seemed theoretical and remote has become real and imminent almost overnight. The first-class fleet of January 1940 is no weaker today than it was six months ago, and the small professional army and air forces which were designed to support the navy in defending the sea and air approaches to the United States are no less formidable. But the possible missions of the armed forces have been expanded and distorted almost beyond recognition by events in Europe. The fact that our navy was never capable of operating simultaneously in the Pacific and Atlantic against a possible coalition of hostile powers occasioned no serious alarm until Germany threatened the destruction of British sea power in the Atlantic. The moment such a threat appeared, the tacit assumptions on which our whole defense system was built were swept away.

### *Are we in danger of invasion?*

There is cause for concern in the present situation, but no useful purpose can be served by hysterical talk or action. A cool appraisal of our present military, naval and air establishments does not support the current panic regarding the danger of direct invasion of the

United States. Virtually every competent authority agrees that such an enterprise is beyond the bounds of military practicability. Before it could be undertaken, it would be necessary to destroy the American battle fleet, probably on this side of the Atlantic, and to secure sea and air bases in the Western Hemisphere. To transport an army of even 300,000 men and their equipment across the Atlantic, on the basis of our World War experience, would require about 580 average-sized merchant ships totaling 3,600,000 tons. Such an expedition could hardly be prepared in secret; it would be vulnerable to damage by submarines, mines, or aerial bombing, and would be confronted by naval and air forces fighting in well-known home territory and backed by an unrivalled industrial plant. There is substantial evidence to show that such an enterprise is beset with obstacles so formidable as to render it unlikely under any conditions we can foresee today.

*What do we have today for defense?*

In the haste to provide new armaments we should not forget entirely the things which we have already provided. Since 1930 Congress has appropriated nearly 10 billion dollars for national defense, and before the President's emergency program was presented in May of this year, the Senate and House had approved a "normal" budget of more than two billion dollars—the largest in our peace-time history. Not all of this money has been "poured down the rat-hole." The navy, with a fighting strength of 1,427,000 tons of under-age ships, built and building, is stronger today than at any time since 1921. The Regular Army, despite its shortage of modern equipment, now consists of 227,110 men (70,000 in overseas garrisons), while the National Guard has been raised to 235,000. Both components are being increased to the maximum levels authorized in the emergency legislation—375,000 and 340,000, respectively. Under the Protective Mobilization Plan adopted in 1937, and revised during the past two years, the Regular Army and the National Guard are capable of rapid expansion to provide a protective mobilization force of 750,000 men in units, with 250,000 as replacements. Such a force might be employed on short notice to meet any threat to the Panama Canal and the continental United States, or might serve as a base for the development of a war army.

The most striking deficiency is in military aircraft. Before the passage of the emergency defense program, the army and navy

had a total of 4,613 planes of all types on hand, and 4,018 on order. During the year 1939, however, the total output of American aircraft factories was only 2,404 planes of all types, including commercial as well as military aircraft, and the actual deliveries to the army, navy and to foreign governments did not exceed 350 planes a month until May 1940.

### *What can we defend?*

As recently as May 15, the Senate Committee on Naval Affairs published a report based on a re-survey of our national defense problems under then existing world conditions. Its conclusions, which represent composite opinions derived from responsible naval authorities and informed students of national defense, included the following points, among others:

1. "In the military sense the United States is an insular nation and can be defended upon the seas."
2. "An insular nation cannot be defeated if it is able to maintain command of the sea and air approaches to its shores and its vital trade routes."
3. "The United States at the present time is not vulnerable to direct attack by any means whatsoever save those with which a thoroughly modern navy and air force can deal adequately."
4. "Air power, due to its limited radius of action, has not yet changed the fact that . . . we are an insular nation and that we are not vulnerable to direct attack if we prevent the establishment of air bases in this hemisphere."
5. "The instrumentalities of war required to make reasonably sure that we shall not be threatened or attacked are: A Navy sufficiently strong to meet and defeat any potential enemy before he reaches our shores; an Army and an air force of sufficient strength to give our Navy freedom of action; and the necessary secure bases from which our fleet and air forces can operate effectively."

The Committee also pointed out that we are not capable of fighting against major opponents in both oceans at once; that we may have to sacrifice our interests in the Far East in case of a British defeat in Europe; and that in any case we should prepare stock-piles

of strategic materials and secure such essential raw materials as we can in the Western Hemisphere.\*

*How will the fate of Britain's fleet affect our defense?*

What "instrumentalities" we will require depends of course on the outcome of the war; not only on who wins, but on what becomes of the British fleet. Three possibilities must be considered in the event of a British defeat: first, that the fleet will be destroyed or scuttled; second, that it will be surrendered to Germany under the terms of a peace settlement; third, that it will be sent to Canada or Singapore, or the other Dominions.

*In case of destruction or surrender.* In either the first or second contingencies—destruction or surrender of the British navy—the United States would be confronted with an utterly unprecedented situation and a critical strategic problem. Germany would probably take over potential naval and air bases on the west coast of Africa, regardless of whether it secured the British fleet. A triumphant Reich might also establish bases in the Cape Verde Islands and other European outposts in the Atlantic. While it is true that air power alone does not make us vulnerable to direct invasion, it does reduce our effective distance from Europe and alter our relation to South America. Our nearest naval bases—at Norfolk, Virginia; Guantanamo, Cuba; Culebra, off Puerto Rico; and St. Thomas in the Virgin Islands—would be much farther from Natal, Brazil, than German bases in Africa and the Cape Verdes. St. Thomas, for example, is 2,300 nautical miles from Natal, and Norfolk is 3,500, whereas Freetown, on the west coast of Africa, is only 1,600 miles, and the Cape Verdes 1,609 miles.

In the north, Greenland and Iceland form potential stepping-stones in a Great Circle route from Europe to America. Cape Farewell, at the southern tip of Greenland, lies 620 miles from Cartwright, Labrador, and less than 1,800 miles from Boston. Iceland is not much farther. Should Germany annex Denmark, it might claim both the Faeroes and Greenland, as well as Iceland, which is bound to the Danish Crown by a personal union, forcing the United States and Canada to undertake a preventive occupation of Greenland and perhaps even Iceland. Both Canada and the United States have

\*United States, 76th Congress, 3rd Session, *Report of Senate Committee on Naval Affairs*, Report No. 1615, p. 19.



already sent consular officers to these northern territories, and it is reported that a Canadian military force has been landed in Iceland.

In the south, the status of all European possessions in the Western Hemisphere is also an immediate source of concern, not only to the United States but to all Latin America. While there are no first-class naval bases in the West Indies, secondary naval stations are located in Bermuda and Jamaica (British), Martinique (French), and Curaçao (Netherlands). Curaçao and Aruba, the Dutch islands off the coast of Venezuela, are particularly important because of their large oil refineries and storage facilities, and other islands could be developed as formidable air and naval bases. The strategic importance of these European territories was the chief reason for the stern warning sent to Germany and Italy on June 17 by the State Department, in which it declared that: "in accordance with its traditional policy relating to the Western Hemisphere the United States would not recognize any transfer and would not acquiesce in any attempt to transfer any geographic region of the Western Hemisphere from one non-American power to another non-American power." A more difficult problem would be presented, however, if Germany sought no formal change in sovereignty, but tried to control the islands through puppet régimes in Denmark, Holland, France and Britain, thus giving the Nazis a foothold in this hemisphere without violating the letter of the Monroe Doctrine.

The strategic problem would become acute overnight should the British fleet be destroyed or captured by Germany. In that event the United States would be compelled to withdraw its entire fleet from the Pacific, and to reach a final decision regarding American policy in the Far East. If the American battle fleet were based permanently in the Atlantic, this country would have to abandon its Far Eastern policy and withdraw from the Orient. This would mean that China, the Philippines, the East Indies and Australia and New Zealand would be left to sink or swim. While the navy would at least assure defense of American interests in home waters, its withdrawal from the Pacific would compel us to develop other sources of tin and rubber without delay.

In such an event, we would have no alternative but to seek an understanding with Japan, as some observers are already urging. But, with the fleet anchored to the Western Hemisphere, we might not be able to obtain very good terms, and Japan might prefer an agreement with Germany. It might be possible, however, to secure a



new trade agreement with Japan and access to the resources of the East Indies, and perhaps a pledge by Tokyo to respect the independence of the Philippines. Japan's dependence on our markets and our exports of critical raw materials would give us some bargaining power.

*In case the British fleet is sent overseas.* Only in the third contingency—transfer of the British fleet to Canada or the Far East—would the United States be able to consider other alternatives. In the event that a part of the British navy—the Mediterranean squadron, for example—should be sent to Singapore, the United States might retain some freedom of action in the Far East. If our own fleet faced no immediate threat in the Atlantic, we might retain sufficient sea power in the Pacific to restrain Japan's expansionist ambitions. Such a policy would not be without risks, however, and to be effective it would have to be supplemented by other measures, such as the granting of additional aid to China, an embargo on exports to Japan, and possibly an agreement with the Soviet Union. The new national defense program has already held up shipments of machine tools to Japan, and the emergency legislation passed by Congress authorizes the President to curtail the export of munitions and war supplies. Additional aid could be given to China in the form of credits to support Chinese currency. These steps could only be taken if the United States were secure in the Western Hemisphere, and free to keep a major portion of the navy in the Pacific.

Lord Lothian, British Ambassador to the United States, recently warned the American people not to cherish the "illusion" that, if Britain is invaded and overrun, the fleet will cross the Atlantic and strengthen the defensive system of the United States. On the other hand, transfer of the fleet to Canada might be the only way to prevent complete breakdown of the British Commonwealth of Nations. Should this fateful decision be reached, the United States would be compelled to take immediate action of the utmost magnitude. With the British fleet in Canada this country would have to decide at once: Whether to enter the war in an effort to save Great Britain—with Canada probably becoming the center of the British Commonwealth; or, whether to use the new naval strength for the defense of Canada and the Western Hemisphere, and to offset the effects of a German victory outside of Europe. Whatever choice it might make, the United States would undoubtedly be required to

assume responsibility for the maintenance and upkeep of the fleet. Canada has neither the bases, the shipyards nor the money to maintain a navy of this size. The United States would either have to buy the fleet or enter into an alliance with Canada whereby the two navies would be operated under joint command.

Our decision on continuing the war would be influenced in part by the attitude of Canada and the other Dominions, but in the final analysis it would be governed by the state of our own military preparations with relation to the military situation in Europe. The chief military factor would be the ability of the United States and Canada to conduct large-scale operations in Europe against an enemy which held undisputed control of the continent. Most of the obstacles to invasion of the United States by any European power would apply, in reverse, to an expedition from the New World to rescue the Old. If France had been able to continue its resistance, it is possible that intervention by the New World might have proved decisive in the long run. But with the collapse of France, and with Germany's mechanized legions in control of all Europe, the military obstacles would appear insuperable. Even assuming that the United States had full command of the sea and air, it would require years to raise, equip and transport an expeditionary force of the size required, and this force could not be landed unless British troops still held Great Britain.

The maximum which the United States could do to aid Great Britain would be to employ its sea power in cooperation with Canada to secure the least disastrous peace terms outside of Europe. Within the continent of Europe, nothing we could say or do would have any effect on Hitler's peace terms. It would not be possible to "save" England from economic or even political domination by Germany. But with the British and American fleets controlling the seas, we might be able to reduce the harshness of the peace and preserve something from the wreckage of the British Commonwealth of Nations. From the point of view of our own self-interest, we are vitally concerned with the fate of both Canada and the Western Hemisphere. With the fleet on this side of the Atlantic, we could assure the defense of the Western Hemisphere, together with Canada and the other American nations. We would be in a position to deal on equal terms with a united Europe dominated by Germany and, perhaps, to influence the terms of a settlement in the Far East.

### *Can we defend the Western Hemisphere?*

In terms of military defense alone, most military and naval authorities agree that this country is in a position to defend the continental United States and the vital Panama-Caribbean area, regardless of the outcome in Europe, provided we are willing to pay the cost, and provided that the other American nations are willing to cooperate.

The Senate Naval Affairs Committee, in the report quoted above, outlined the military steps which naval experts believe would have to be taken in order to assure the impregnable defense of the United States. These included the following:

1. "The assumption that British sea power may be destroyed implies . . . that we should take our stand in the Western Hemisphere where our military power can be applied effectively and efficiently."
2. "We should make sure that we command the sea and air approaches to this country, the Caribbean Sea, and the Panama Canal."
3. "We should acquire, if possible, places in the Caribbean area for additional United States naval bases or to prevent these places from falling into the hands of any potential enemies."
4. "We should acquire stock-piles of essential raw materials, not only for our military establishments, but for our industrial establishments, for a period of at least two years and develop the necessary facilities to use the essential raw materials available on this continent and prepare for the possible use of substitutes."

In addition to these measures, the Committee recognized that the existing navy would have to be expanded as rapidly as possible to undertake defense of the Western Hemisphere. The entire United States fleet would be required in the Atlantic to defend even the limited area of the Caribbean. Our present Atlantic squadron consists only of three battleships (all over-age), six cruisers, one aircraft carrier and 39 destroyers, plus an undisclosed number of reconditioned destroyers serving in the neutrality patrol. Our bases at Guantanamo (Cuba) and St. Thomas (Virgin Islands) form an adequate protective screen to cover the passages into the Caribbean from the north; but, proceeding down the line of the Lesser Antilles, the degree of

American control becomes progressively less. To extend the line as far as the bulge of Brazil would call for rapid expansion of the fleet, additional bases, and a powerful air force.

The problem of defending the vast area south of the bulge of Brazil is far more difficult, and could only be undertaken with the full cooperation of all the South American republics. If Germany gained possession of the British and French fleets and held naval bases in Africa, it would be in a position to challenge the control of the entire South Atlantic. The challenge could be met provided that Argentina and the other South American countries were prepared to support the continental defense system; without such support, the United States might be led into large-scale military operations far from its home bases.

### *A two-ocean navy?*

Proposals for a "two-ocean" navy have been advanced repeatedly in the press and in Congress, but until very recently they have not found support from most naval authorities. The Navy Department has favored a single unified fleet, on Admiral Mahan's theory that "concentration is the first principle of war." Concentration, according to followers of Mahan, "consists in the bringing together of the greatest possible force at the decisive point and time." For the United States, a unified fleet is possible if the Panama Canal can be defended and kept open under all conditions for the rapid transit of essential units. Presumably the War and Navy Departments believe that this can be done, as plans for construction of a third set of locks are being carried out this year. Some military and naval experts, however, hold that the United States should build a second canal across Nicaragua. This route, which has been surveyed many times, is suitable for a canal and the cost of construction has been estimated at about a billion dollars.

Whether or not it is labeled a "two-ocean" navy, the new expansion program will authorize a fleet nearly double the size of the existing navy. In January 1940 Admiral Harold R. Stark told the House Naval Affairs Committee that in order to resist any possible coalition of hostile powers, we should, "theoretically," have a 5:3 ratio of superiority in the Pacific (against Japan) and a 4:3 superiority in the Atlantic. Actually, at that time, the navy asked for a "modest" 25 per cent increase, which was only sufficient to maintain the present 5:3 ratio in the Pacific. In June, however,

when the French army was surrendering to Hitler, Admiral Stark returned to Congress with a request for a 70 per cent tonnage expansion providing for some 200 additional ships of all types. This program, while still short of the "theoretical" ratios, represented in the opinion of the Navy Department the minimum required for defense of the Western Hemisphere.

*What would hemisphere defense cost?*

The exact size of the fleet required to defend this hemisphere and uphold the Monroe Doctrine would depend, once again, on the size of the potential forces which might be brought against it; in other words, upon what happens to the British fleet. If the British navy were on this side of the Atlantic and we were not seeking to destroy Germany in Europe, the combined fleets would be adequate to meet any conceivable threat in the Western Hemisphere. If the British and French fleets were destroyed, the United States would still be superior to Germany and Italy combined, provided we faced no threat in the Pacific. Should Germany capture the British and French navies, however, and incorporate these with the Italo-German fleets, the combined tonnage would be about  $2\frac{1}{2}$  times the present strength of the United States. The possible situation confronting the United States may be seen in the following table:

### COMPARATIVE NAVAL STRENGTH

Under-age combat ships built and building, January 1, 1940

<i>Country</i>	<i>Total Tonnage</i>	<i>Combined Tonnage</i>
United States .....	1,427,065	
Japan .....	1,000,463	
Great Britain .....	1,847,000	2,621,000
France .....	774,000	
Germany .....	482,000	1,150,000
Italy .....	668,000	
TOTAL: Britain, France combined with Germany and Italy .....		3,771,000*

\*This tonnage would be considerably reduced by war losses, which may already exceed 10 per cent for Great Britain and perhaps 15 per cent for Germany.

The cost of constructing a new fleet equal to our present navy has been estimated at about \$4,700,000,000 on the basis of prevailing



prices and wages. This would mean that to equal the combined British, French, German and Italian strength, even assuming heavy war losses, we would have to invest something over 10 billion dollars in new construction alone. Such a program could not be begun, however, without a tremendous expansion of shipbuilding facilities, dockyards, naval depots, armor plate and ordnance factories, a vast program for training skilled workers and mechanics, etc., and at

best it would require years to complete. Meanwhile, by taking over the shipbuilding and armament facilities of Britain and France, a victorious Germany might easily be in a position to outbuild the United States. The total annual cost of building and maintaining such a vast establishment might well come to 10 billion dollars—about one-seventh of our national income.

Even assuming the destruction of the British and French navies, we will face "normal" annual defense budgets of six or seven billion dollars if we carry out the emergency expansion program submitted to Congress on June 20, 1940.

The foregoing summary touches only the more obvious military and strategic consequences of a German victory. It should be sufficient, however, to indicate that armaments alone cannot provide an impregnable defense, no matter how much we spend, unless we have a clear foreign policy and a well-charted political and economic program. In the long run, a nation's foreign policy may determine its ability to defend itself, just as much as the condition of its army and navy.

### *III. POLITICAL AND ECONOMIC CONSEQUENCES*

Far-reaching political and economic changes are already being wrought by the effort to mobilize the nation for national defense. Legislation now before Congress calls not only for increased armament expenditures, but also for sharply increased taxes, coordination of industry and agriculture, government regulation of capital and labor, control over exports and imports of strategic materials, and many other "emergency" measures which mark a departure from our traditional ways of life. In the face of external dangers, the government is taking vigorous measures against "fifth column" activities, while the people are debating the necessity for universal military training and the conscription of youth for national service. Many Americans are asking whether a democracy, in order to compete with a controlled and regimented dictatorship, must itself become a dictatorship. Others are asking whether democracy can survive unless it is capable of achieving unity, discipline and a spirit of sacrifice.

Any citizen who is even dimly conscious of the revolutionary character of the war must recognize that democracy cannot hope to

survive merely by repeating the shibboleths of outworn party platforms. He must also recognize that the problems which confront us today, whatever the outcome in Europe, are not likely to be solved by the easy-going formula of "business as usual." Should Great Britain be able to withstand the Nazi invasion with aid from America, and should the democracies eventually defeat Germany, they, too, would face the task of organizing a "new order" which promised something more than a return to *laissez faire* capitalism and unrestricted state sovereignty. If Germany wins, there can be no doubt that it will attempt to organize the "new order" outlined in the Nazi plans for European *Grossraumwirtschaft*. In that event, the United States will face economic and political problems more formidable than those on the military front.

Whatever the final details of a Nazi-dictated peace, Germany will have far greater economic bargaining power in its relations with the United States and Latin America. It will be likely to control, directly or indirectly: the foreign trade and foreign exchange of virtually the entire continent of Europe; important sources of raw materials outside of Europe, including certain strategic materials used by the United States; and investments and common-stock equities in the Western Hemisphere formerly held by British, French, Dutch, Belgian and Scandinavian interests. On the political side, the Nazi-Fascist régime, with its augmented military power, would not hesitate to employ in Latin America the methods of pressure and penetration used so successfully in Central Europe and the Balkans.

### *What alternatives would be open to the United States?*

To compete with a strong and resourceful economic bloc in Europe, the United States would be compelled to revise its existing commercial policies without delay. Theoretically, this country might adopt a completely controlled economy, with its own *Grossraumwirtschaft* in the Western Hemisphere. Such a policy, however, even if possible for the United States, would create enormous internal problems and would probably revive the old charge of "Yankee Imperialism" in Latin America. On the other hand, continuation of our present commercial policies would place the United States at a serious disadvantage in trade relations with Latin America and with Europe. A sufficient degree of control might be established by the following measures:



The imposition of a system of import licenses which would enable the government to control this country's purchasing power abroad, and in turn give us bargaining power in commercial negotiations with Europe and Latin America.

An elastic scheme for government assistance to the export trade to meet possible commercial "dumping" practices by a Nazified Europe.

A system of commercial agreements in which the United States would, where necessary, undertake to buy definite quantities of specific products, and provide for bilateral clearing of both commercial and financial payments. This would mean that all of the Latin American countries would meet payments on goods imported from the United States and on United States investments and loans in their own national currencies. This country, in turn, would have to buy, and lend or invest enough to offset these payments.

Close association of commercial and financial policy. Thus we would be obliged to plan our loans and investments in such a way as to make them an integral part of our commercial policy as a whole. On the other hand, our trade policy would have to take into account the investments and loans we already have in the countries with which we negotiate. This might be accomplished in large part through the conclusion of clearing agreements and the elaboration of a plan for the economic development of this hemisphere.

Delegation by Congress to the Executive of full power over this country's foreign trade, including the right to buy goods abroad for government account. This would give the government wide latitude in combating foreign commercial penetration through all possible expedients—manipulation of tariffs, quotas, clearing agreements, etc. Since few of these methods are particularly desirable in themselves, their application should be governed only by necessity.

### *Can the Western Hemisphere cope with Germany?*

Should the United States be prepared to adopt some such program as that outlined above, this country would still face formidable problems in organizing its relations with the Western Hemisphere to cope with the economic power of Germany. As we have seen, no single nation—and especially no single nation operating under

the traditional rules of *laissez faire* economy—could expect to compete on equal terms with an organized entity as powerful as *Europa Germanica*. We have frequently boasted in the past of our great productive capacity, our vast untapped resources, our inventive genius, and our ability to produce wealth. We have compared our industrial output with that of other nations, and have been proud of our superior—and cheaper—automobiles, radios, tractors, sewing machines, and a score of other mass-production products. Compared with England, France, Germany, Japan or Russia, our resources and productive capacity have been superior in many important branches of industry. But compared with a unit as large and wealthy as Europe, we are likely to discover that the United States is no longer in undisputed possession of "first place." A Europe of 400,000,000 people organized under a controlled economy would be superior to the United States in its capacity to produce ships, airplanes, and armaments—at least for the present—even if not automobiles and radios. We would be dealing not with twenty-six separate competing economies, blocked off by tariff walls and exchange controls, but with a continent, probably united under a single customs union and geared to a competent industrial machine.

If the United States were not strong enough to compete on equal terms with Europe, no other nation in the Western Hemisphere could hope to compete. Canada, even if it became the center of the British Commonwealth, would be a weak and unequal competitor, forced to accept the terms offered by the masters of Europe. Argentina and Brazil would certainly find a ready buyer in Europe for their export crops—wheat, coffee, cotton, meat—but at a price and on terms fixed in Europe. And the terms, if they followed the established practice of Nazi Germany, would have political strings which might be pulled whenever necessary in the interest of Germany. The terms might look attractive, and might tempt more than one Latin American state. In the short run they might prove profitable but, in the long run, they would be more likely to prove disastrous to the independence of the American republics.

Individually, then, the nations of the Western Hemisphere would have little hope of trading on terms of equality with the controlled economy of Europe, and no hope of defending themselves against political or economic pressure. Only by acting together for their common defense—political, military and economic—would they be able to secure and maintain their independence.

It would be folly to ignore the obstacles which confront any thoroughgoing program of inter-American cooperation. Despite the eloquent resolutions and high resolves of Pan-American conferences, and despite the closer understanding achieved by the Good Neighbor policy, the hard fact remains that the economies of North and South America are not complementary. There is no good reason to assume that Latin American governments will cooperate with the United States merely for sentimental reasons. Nor have we any right to expect that Latin American countries will welcome United States "leadership" in the hemisphere, any more than they would welcome European dictation, unless it is clearly in their interest. Quite apart from Nazi propaganda and "fifth column" activities, which would be intensified after a German victory, Latin American countries will continue to look to Europe as an important outlet for their surplus commodities, and some of them may not hesitate to engage in diplomatic bargaining with the new masters of Europe. The basic problem is largely economic.

*What is the economic problem?*

In its simplest terms, the problem may be broken down into two parts: first, Latin America is concerned chiefly with finding a market for its surplus commodities normally sold outside of the Western Hemisphere; second, the United States is concerned with finding the maximum part of its essential import requirements in Latin America. Both North America, including Canada, and Central and South America are presumably concerned about their defense in case of a German victory in Europe.

The chief obstacle to a solution of the first part of the problem—markets for surplus Latin American exports—is found in the fact that under peace-time conditions the United States takes only about a third of the total export trade of Latin America. In the past, this made us by far the most important single factor in Latin America's foreign trade; but, if Germany should win the war, we would be second to Europe, which takes about 50 per cent. Under war conditions, or intensive defense preparations, the United States and Canada would probably consume about half of normal Latin American exports, without any material change in inter-American relationships. But without a fundamental readjustment of the economic structure of the Western Hemisphere, the United States could not

directly supplant the markets which Latin America has found in Europe.

This is an oversimplified statement, of course, as there are wide differences in the degree to which individual Latin American countries depend on Europe and the United States for the sale of their surplus products. Without comparing the trade of each country, it may be said that the entire Caribbean area is definitely within the economic orbit of the United States. Seven countries found a market for 60 per cent or more of their exports in the United States in 1938—Mexico, Cuba, Panama, Guatemala, Nicaragua, Honduras and El Salvador—while 45 per cent of the exports of the entire Caribbean area were sold in this country. The only country in this area which has not sold chiefly to the United States is Venezuela, whose direct shipments to us amounted to only 13.2 per cent. Venezuelan exports, however, consist almost entirely of petroleum, and the major part of the production is controlled by United States capital.

The South American republics—apart from Colombia and Venezuela—present a more difficult trade problem. This group accounted for 58 per cent of Latin America's total export trade, but the portion sold to the United States ranged from only 4 per cent for Uruguay to over 30 per cent for Brazil. Within this group, the economic relations between Brazil and the United States are the most important, owing to the heavy coffee purchases and large cacao trade with this country. Brazil also has a wide range of minor products—manganese, oils, nuts, waxes, hides and rubber—which sell in the North American market. The west coast countries sold to the United States only about a fifth of their total exports. On the east coast, Argentina—which found its chief market in England—placed only 8.5 per cent of its exports in the United States.

### *How could the Hemisphere dispose of its surplus products?*

Such, in bare outline, is the problem. Yet, for the United States successfully to underpin the entire export structure of Latin America in the interests of Western Hemispheric economic and political defense is neither so fantastic nor costly as it might appear.

In crude terms, it would "cost" the United States a maximum of \$1,200,000,000 annually to underwrite Latin America's 1936-38 average exportable surplus sold outside the Western Hemisphere. If this had been done in 1938, the United States would have bought about 10,000,000 more bags of coffee, 700,000 tons of meat, at least 5,600,000

bags of sugar, 200,000 tons of wool, 1,500,000 bales of cotton, 200,000 tons of hides and skins, 1,950,000 tons of wheat, 2,737,000 tons of corn, and 900,000 tons of nitrates, as well as large quantities of other products, such as copper and petroleum—all in addition to normal imports and domestic supplies.

For economic reasons, many of the commodities so acquired—cereals and cotton, for example—could not be thrown on the internal market without serious price dislocations. Others—such as copper and petroleum—are a matter of almost purely corporate concern, with the power to regulate production resting in the hands of a few companies. On the other hand, the additional Latin American products purchased as a necessary step in the economic defense of the Western Hemisphere would include many needed commodities previously bought in part elsewhere. Wool, hides and skins, cacao, fibers, various nuts, waxes and vegetable oils, rubber and a number of minerals—including tin, provided a smelting industry is established—are among the Latin American products which could be consumed in greater volume. During the first World War, United States imports from Latin America rose by over \$640,000,000, and the potential increase in demand for commodities which Latin America can supply should not be overlooked today.

While we might not be able to match the World War increase—due in part to inflated price levels—we might expect an increase of at least \$200,000,000. This would still leave a surplus of about one billion dollars, representing Latin American goods—\$90,000,000 worth of coffee, \$120,000,000 in wheat and corn, and meat valued at \$115,000,000, for example—normally sold outside the Western Hemisphere, based on the 1938 record. If this billion dollars were pure loss, it would still be a small price to pay if it strengthened the economic bargaining power and resistance of Latin America to Nazi penetration.

Plans for the "economic defense" of the Western Hemisphere are already under discussion in Washington and in many Latin American capitals. These plans include an Inter-American Marketing Board, which might be financed with United States capital, and vested with sufficient authority to regulate Western Hemisphere trade. Such a Board, if set up as an emergency measure, should include representatives of all twenty-one American republics. One of its first tasks would be to insure that imports of the United States were shifted as far as possible to Latin America, apportioning such

purchases among the American republics in accordance with their previous production or exports of various individual commodities. It should be prepared to advance credits to any country up to the full value of that country's exports during the preceding year—or an average of several years—receiving in exchange a lien on all export products. These exports would be utilized first to meet the demands of the United States, and the surplus disposed of on terms satisfactory to the Western Hemisphere.

The pitfalls of such a plan should not be ignored. To undertake the control of all hemispheric trade would require a degree of regimentation never before contemplated in this country or in Latin America. Moreover, the United States would be assuming a large responsibility in buying up Latin American surpluses, and might merely stimulate increased production, thus saddling the Marketing Board with a larger surplus. Even if this difficulty were surmounted by fixing quotas based on the average production over a period of years, Latin American producers might resent their dependence on the United States and seek to find new markets in Europe independently of this country.

It is difficult to conceive of a complete severance of trade with Europe after the war. In fact, there would be no objection to maintaining trade relations with a German-dominated Europe, provided the Western Hemisphere were in a position to trade on equal terms. Our bargaining power would be greatly strengthened by such a Marketing Board, and would be further increased by Europe's need for hemispheric foodstuffs after the war. The refugee problem has already assumed serious proportions, and an appalling famine is almost certain to follow the end of hostilities. In such a situation, the wheat, corn, meats and other food products of North and South America could and should be made available to the starving populations in many parts of Europe. The terms of sale and distribution, however, should not be left solely in the hands of Germany.

The hemispheric economic program should not be regarded merely as an emergency measure, but as the beginning of a long-term program to develop the resources and promote the welfare of the two continents. Unless the program could meet the real needs of the Western Hemisphere, it could not hope to succeed. The United States, for its part, must be prepared to offer as much as or more than German-controlled Europe can offer to Latin America. Our assets include the principles expressed in the Good Neighbor policy and

the machinery already set up for Pan-American cooperation along political and economic lines. Our liabilities include the latent fear on the part of many Latin Americans that the United States will revert to an imperialist policy under pressure of German expansion, and our own inability to adjust quickly to meet new situations. If these are to be overcome, the United States must develop its economic competence, and demonstrate that its plans for economic development are directed toward serving the long-term interests of the people of this hemisphere and not merely the short-term interests of the United States.

### *A program for hemispheric defense*

A program for the defense of the Western Hemisphere against Nazi Europe might include the following measures:

An agreement between the American republics to prevent the transfer of sovereignty over European possessions in the Western Hemisphere—or their control by puppet governments—without the consent of the nations of this hemisphere.

Development of American naval and air bases in the Caribbean and on the east coast of South America, under agreements with the American republics.

Formulation of a comprehensive national defense policy, based on our geographical position, our resources, and our needs in relation to our foreign policy.

An immediate canvass of the economic resources of the Western Hemisphere, with particular reference to the Latin American supply of raw materials and foodstuffs.

Development of all possible strategic materials in Latin America. This would include, among other projects, the immediate development of large-scale rubber and hemp plantations.

Organization of the Inter-American Marketing Board to assume full control over all foreign trade. The Board would direct the products acquired first to the needs of the Western Hemisphere, and the surplus would be disposed of in accordance with the political policy of this continent, as well as the economic requirements of the outside world.

Immediate ratification of the Inter-American Bank convention, signed by nine American republics since May 10, 1940, and open to adherence by all other countries in the hemisphere. The

Bank would supplement the activities of the Inter-American Marketing Board by facilitating financial and monetary transactions.

Establishment of a joint commission representing the American republics to deal with the problem of European investments in Latin America. These investments might be exchanged for American investments in Europe.

Inauguration of a comprehensive program for the development of non-competitive agricultural products to increase inter-American trade and purchasing power. Such a program might be financed with mixed United States and Latin American capital through the Inter-American Bank as intermediary.

Expansion of manufacturing in Latin America, both to supply local needs and various specialties for the United States market.

Completion of the Pan-American Highway, and the establishment of other transportation links of strategic or economic value.

Some of these measures, such as the development of Latin American purchasing power, and the exploitation of natural resources, would require many years to put into operation. Others, like the Bank project and the Marketing Board, are emergency measures which would have to be worked out at once in the event of a German victory. Already there are reports that South American firms have received attractive offers from Germany for Latin American products on a barter basis. There is little doubt that these will be accepted unless the United States is able to offer more attractive terms.

The real question is whether the United States could carry out such an ambitious program without (1) resorting to outright imperialism, or (2) so changing its own economic system as to force this country into a regimented dictatorship. The temptation to take "realistic" action in combating German economic or political penetration might easily lead us to adopt a policy of imperialism which would be resented throughout Latin America. At home, the structural changes necessitated by a vast rearmament program and hemisphere autarchy might lead us into a Nazi-Fascist system under the name of anti-Fascism. These dangers cannot be brushed aside, and wise planning and self-discipline will be required to meet the new problems which lie ahead. But, unless democracy recognizes the need for fundamental adjustments and develops with-



in itself the capacity to organize its potential resources, it cannot expect to cope with the totalitarian systems.

In any case, the United States could not hope to succeed by following the old methods of dollar diplomacy or "Yankee Imperialism." The private loan policy, under which we poured several billion dollars into Latin America during the twenties, exploded with the world economic depression. The Reciprocal Trade Program, with its most-favored-nation principle, was a praiseworthy attempt to stem the tide of economic nationalism, which deserved more support from domestic agriculture and business than it received. It met with some success in Latin America—agreements were signed with eleven American republics—but, for reasons already indicated, the United States was unable to compete with European countries in Argentina, Uruguay, Paraguay, Peru, and other South American markets. With Europe operating under a controlled economy, the Reciprocal Trade Program would prove an inadequate and ineffective instrument for developing inter-American trade, and would have to be modified in favor of other methods. While "free trade" may have to be abandoned, the objectives of the inter-American trade program should not be those of the Nazi *Grossraumwirtschaft*, but the development of a continent in the interests of all the people of the continent.

*Can we secure all necessary strategic materials in Latin America?*

At the present time only about half of the strategic materials listed by the Army and Navy Munitions Board are available in the Western Hemisphere in sufficient quantities for emergency needs, but supplies of most of the remainder could be developed over a period of years. These resources, plus our capacity to manufacture or employ substitutes, would enable us to achieve virtual self-sufficiency.

The Munitions Board list contains fourteen strategic materials for which "strict conservation and distribution control measures will be necessary." These include:

antimony	nickel
chromium	quartz crystal
coconut shell char	quinine
manganese, ferrograde	rubber
manila fiber	silk
mercury	tin
mica	tungsten

On a hemispheric basis, antimony, coconut shell char, manganese, mercury, nickel, quartz crystal and tungsten present no serious problems. Cuba is a minor supplier of chromite of refractory grade and, at a price, this country—as well as Brazil—could probably produce metallurgical chromium. Manila fiber can be produced in many sections of Latin America, but development would take several years. Meanwhile, this area produces various substitute materials. Mica is found in small amounts in both Argentina and Brazil. Present production of quinine is very slight, and development of a large output would require a considerable period. There is no commercial production of silk but, in view of the availability of satisfactory substitutes, sericulture is hardly worthy of consideration.

Rubber is the outstanding strategic deficiency of the Western Hemisphere, and the largest single import of the United States. This country's consumption of crude rubber—about 80 per cent of which is used in the manufacture of tires and inner tubes—amounts to approximately 500,000 tons annually, about 98 per cent of which comes from British Malaya and the Netherlands Indies. At a price, wild rubber production in Latin America might be increased to as much as 25,000 tons annually, as compared with an output of 15,000 tons in 1938. The only long-term solution, however, lies in the development of large plantations, and experimental work along these lines has been under way for several years. An appropriation now pending would give the United States Department of Agriculture \$1,000,000 to "conduct investigations directed toward the development of rubber production in the Western Hemisphere." Private rubber interests in the United States are prepared to invest substantial sums in plantation development on the basis of such investigations. While it is unlikely that more than 10 per cent of this country's crude rubber requirements could be met within the next seven or eight years from Western Hemisphere plantations, it is now possible to produce artificial rubber at fairly low prices. The Standard Oil Company, Du Pont and Goodyear have all announced new products which meet standard requirements. The Standard Oil Company claims that its product—known as butyl—can be produced in volume for about 50 cents a pound, or approximately twice present crude rubber prices.

The capacity of Latin America or, more specifically, Bolivia, to solve the problem of tin supplies in an emergency has undoubtedly been exaggerated. Bolivian tin production has been declining for a

number of years, and an annual output of about 25,000 tons is now about the most which can be expected. For economical smelting, the admixture of Nigerian ore with Bolivian concentrates is essential. At a high price, however, it is possible to refine the Bolivian product alone and thus meet about a third of normal United States consumption requirements, provided smelters are established in this country. As a defense measure, as well as a means of Latin American economic support, this step should be taken, although there is little possibility of developing Western Hemisphere supplies equal to past consumption. In most cases, however, tin can be replaced by other products at varying degrees of economic cost, and Bolivian output should be sufficient for defense requirements.

### *What about Canada?*

One of the most important and difficult problems confronting the United States is the future position of Canada, the only independent nation in the Western Hemisphere now at war with Germany. In case of a British victory, of course, our relations with Canada would not be greatly altered. Either a Nazi victory over Britain or a prolonged stalemate, however, would create many new issues in our foreign policy and defense program. It is conceivable that the King and the British government might take refuge in Ottawa in order to continue the war "from the periphery," or that Canada and the other Dominions might seek to rescue a defeated Britain. Under no circumstances, however, could the United States allow a European power to attack Canada. The Dominion has always been included within the Monroe Doctrine by implication, and its territory was specifically guaranteed by President Roosevelt at Kingston, Ontario, in August 1938. For obvious strategic reasons, the United States could not permit Germany to gain a foothold in Canada, Newfoundland or Greenland.

Our economic relations with Canada are also important. American investments in Canada total \$4,000,000,000, of which over a fourth is in government securities. American-controlled or affiliated companies in Canada account for about a quarter of total Canadian factory production. The Dominion, moreover, has long been our second-best customer, having taken an average of \$490,000,000 worth of American goods annually during the past three years. Canada is also the largest supplier of the American market, its imports into the United States having averaged \$333,000,000 annually in the last three years.

A network of investment, industrial, commercial, banking, insurance, communication and tourist relations has thus made Canada an integral part of the American economy.

The possibility of a British defeat raises in the sharpest form the question whether the United States—in consideration of its own safety—would have to influence, and perhaps decide, Canada's policy. If the United States should acquiesce in a Nazi triumph and seek an understanding with the new *Europa Germanica*, it could not permit Canada to continue hostilities and provoke German retaliation. If we should declare war on Germany or prepare for war in the near future, we would have to coordinate the Canadian economic mobilization and defense program with our own. As in the last year of the World War, the two countries would have to cooperate closely in defending the east coast of North America, increasing industrial production, and preparing and transporting expeditionary forces.

In case of a British defeat, Canada—as an independent country—would be free to decide its own future. The Dominion, if it had the approval of the United States, might invite the King and the British government to Ottawa, where they could continue the fight from the New World—as frequently suggested by Prime Minister Churchill. Canada might refuse, however, to risk its security and national unity by assuming responsibility for the whole Empire, and might throw in its lot with that of the United States. Under either alternative, we would have to augment our protection of Canada under the Monroe Doctrine and bring it into the Western Hemisphere system. Whatever the decision taken at Ottawa, we ought formally to renounce any desire for annexation—an issue which jeopardized Canadian-American relations during the nineteenth century.

Closer cooperation between Canada and the United States, perhaps under a military alliance, seems almost inevitable. Such a change in status would hardly be welcome to the strongly pro-Empire groups in English-speaking Canada. Slightly less than half of Canada's eleven million inhabitants are of Anglo-Saxon stock, however, and many of them have developed a "North American" outlook in the past two decades. While the French Canadians, comprising almost 30 per cent of the population, would certainly oppose annexation, they would not be unfavorable to a status that reduced Canada's military obligations to the Empire. Because of Quebec's bitter opposition to conscription in the World War, the Canadian government

had to resort to voluntary training until June 1940, when it instituted compulsory recruitment for home defense.

If Canada were to come into an inter-American marketing scheme, its export surpluses—like those of many Latin American countries—would create immediate difficulties. Canada, one of the most important trading nations in the world, has had an average annual export surplus of \$186,000,000 during the three years 1937, 1938 and 1939. The entire Canadian economy depends upon maintaining exports in order to continue interest payments on Canada's huge foreign indebtedness—totaling \$6,848,000,000 in 1937, of which the United States held \$3,996,000,000 and Britain \$2,721,000,000. On the basis of Canada's average exports over the past three years, the United States—under an Inter-American Marketing Board—would have to take, in addition to its normal imports, the following amounts of goods ordinarily sold elsewhere, especially in the United Kingdom: wheat, 79,768,000 bushels; wheat flour, 4,356,000 barrels; bacon and ham, 183,600,000 pounds; cheese, 82,564,000 pounds; woodpulp, 247,800,000 pounds; newsprint, 996,600,000 pounds; aluminum, 111,900,000 pounds; copper, 425,300,000 pounds; lead, 343,700,000 pounds; nickel, 131,100,000 pounds; zinc, 318,600,000 pounds. Since most of these outstanding products of the Canadian economy—except woodpulp, newsprint and nickel—compete in our market, they would largely have to be disposed of elsewhere. Including these and many other products, Canada annually exports goods valued at over \$580,000,000 to countries other than the United States. We would, therefore, have to contemplate underwriting Canada's trade to this amount, in addition to the \$1,200,000,000 estimated as necessary to cover Latin American surplus exports.

#### *IV. AMERICA'S CHOICE TODAY*

In this survey we have attempted—perhaps rashly—to foresee the probable consequences of a German victory. We have examined the most far-reaching contingencies which may confront the United States, and have tried to analyze some of the military, political and economic problems we may have to face in case of a total Allied defeat. The inescapable conclusion is that our interests and our security would be profoundly affected by such an outcome.

Today many high-minded Americans believe that it would be

better for the United States to go to war at once, rather than face the kind of world which would follow a Nazi victory. Despite the crushing defeat inflicted on France, Great Britain is continuing the struggle alone against tremendous odds. Groups of American citizens are urging us to "stop Hitler now," instead of waiting until he has conquered Europe and destroyed the British Empire. Other groups are calling for an immediate declaration of war against Nazi Germany, as "the mortal enemy of our ideals, our institutions and our way of life."

In facing the issue of war, the American people should have no illusions about the gravity of the decision. We cannot afford to be confused by slogans or emotional catchwords, but must be guided by a sober estimate of the narrowing alternatives still open. If we accept the conclusion that a Nazi victory would threaten the interests of the United States, it does not necessarily follow that this country's entrance into the war would solve all our problems. Even assuming that we were able to prevent the invasion of Britain and bring about the eventual defeat of Hitler, the democracies would still have the problem of dealing with 80 million efficient, hard-working Germans, and meeting the challenge of a revolution which extends far beyond the borders of Germany. A victory of the Western powers would not restore the *status quo* of 1939. Whatever the outcome of the struggle, Europe and the world will be profoundly altered, and our old security threatened.

### *Can we intervene in Europe?*

In the immediate future, our choice of action is limited by hard military realities. So far, it has been possible to aid Great Britain and France by measures "short of war" without committing the United States to direct military intervention. Amendment of the Neutrality Act in November 1939 opened the door to shipment of airplanes and war materials on a "cash and carry" basis, and made this country the principal overseas arsenal for the Allies. More recently, the government of the United States increased its aid by permitting the sale of "surplus" supplies belonging to the army and navy, including airplanes and World War stocks of arms and ammunition. In addition to equipment already sold to the Allies, it might be possible to send Britain 1,000 military airplanes, 1,000,000 Enfield rifles, and some 4,000 field artillery pieces (75-millimeter guns) with ammunition, representing virtually our entire stock of

surplus war supplies. Had France been able to hold out, we would have faced a military situation comparable to that of the last war. In that event, American war supplies and mass production of airplanes might have proved decisive in the long run, or American military intervention might have followed. But with the collapse of French resistance, military intervention by the United States on the scale of 1918 was eliminated as a practical possibility.

Even if the American people were prepared to enter the war, the United States could not make its intervention effective in the present military situation. The Regular Army and the National Guard are inadequate for continental defense, much less to engage in major operations in Europe. A war army could not be trained and equipped for many months and, in any case, such an army could not be transported to the continent as long as Germany holds undisputed control of the coast. Nor could it be raised in time for the defense of Britain this year. Some Americans believe that, in our own interest, we should send our navy to European waters to support the blockade of Germany and fight beside the British fleet. Such action would be of great value to Great Britain, but would leave the entire Pacific area exposed and would not necessarily save the British fleet. If the British navy cannot control the sea approaches to the British Isles because of German supremacy in the air, there is every reason to infer that the United States fleet could not operate in narrow European waters within reach of short-range aircraft and submarines. A long-distance blockade might be effective in a prolonged war, but could not determine the outcome in a short, decisive struggle. Thus "hard military facts" point to the conclusion reached by the Senate Naval Affairs Committee: that the United States could not intervene decisively in Europe, and that in the present situation "we do not possess the necessary weapons to make our efforts effective." Whatever the United States might have done in the past to prevent the war, it cannot determine the military outcome within the next few weeks or months.

### *What alternatives remain?*

Whatever course we follow, and whatever the outcome of the conflict in Europe, the United States is compelled by sheer necessity to formulate policies which look beyond the immediate emergency. The issue is not merely whether we go to war or stay out, but

whether we are capable of meeting the challenge of a revolution which is of far greater scope than Nazism and is rapidly changing the bases of the world order. We cannot find security in armaments alone, because the things we are trying to defend are threatened by dynamic political and economic forces which are beyond the range of guns. The nature of these forces, which are operating in the Western Hemisphere as well as in Europe and the Far East, has demonstrated that democracies can hope to survive only if they can develop an alternative political and economic program at least as dynamic as that of the totalitarian states.

This means that we must have a positive foreign policy, integrated with a positive domestic program. In terms of defense, the effectiveness of our State Department becomes fully as important as the efficiency of the army and navy. The State Department must not only be equipped to deal promptly with new situations, but must display greater imagination and foresight than were shown by the British and French Foreign Offices during the past two decades. Above all, it must realize that the failure of the democracies in Europe resulted in large part from their inability to offer an adequate alternative to the programs of the totalitarian states. In the Western Hemisphere the United States may have an opportunity to profit by the experience of Europe. But this country cannot hope to counteract German propaganda in Latin America unless it proves to the people that their interests will be served better by cooperation with this country than by collaboration with Germany.

In case of a German victory in Europe, two contradictory tendencies within the United States will be likely to compete for control of American foreign policy. The first tendency will be to embark on a program of outright imperialism, in response to demands for "realistic" action. Faced with the threat of revolution, or reported "fifth column activities" in Latin America, we shall be tempted to intervene by force, without counting the cost in terms of hemisphere solidarity. Such a policy is certain to defeat its own ends, by reviving the old fears of the "Colossus of the North," and driving Latin American countries into the arms of European dictators. The second tendency, already implied in statements of some American business interests, will be to get back to "business as usual," with individual American firms competing among themselves for the profits to be derived from trading with the new rulers of Europe. But this policy of "appeasement" is no more likely to work than the policy of



outright imperialism, since our individual traders will be dealing not with individual traders in Europe, but with a controlled economy organized by a powerful central authority.

The only alternative to imperialism or appeasement will be a dynamic policy organized under democratic control. Many will insist that such a policy cannot be achieved without transforming this country into a regimented dictatorship. It is true that in order to compete with the controlled European system, we will be forced to develop our own economic controls—in foreign trade, in the allocation of priorities among domestic producers, and in the regulation of capital and labor. It will mean that we must develop our resources and integrate our production into a national or regional plan, which may infringe on the rights of individuals or groups. But to say that these measures cannot be taken without transforming this country into a dictatorship is to deny that democracy is capable of planning, even for its own survival.

We have assumed, until recently, that democratic institutions developed in the nineteenth century could be automatically adapted to the needs of our twentieth-century mass-production society, in which the individual has in many cases been reduced to the rôle of a cog in the industrial machine, has been subjected to constant emphasis on agnosticism and materialism, and yet has not been geared into the life of his community. As the events of the past decade have proved, this blind faith in the automatic character of the democratic process may prove the death knell of democracy, undermining both its power to regenerate itself and its power to resist hostile systems. Thus the threat of a Nazi Europe for the United States is more than military, and more than economic; it is also a threat to the fundamental beliefs and institutions of the American people. Our ability to meet this threat will depend above all on the willingness of the American people to make sacrifices, to impose self-discipline, and to achieve unity of purpose, for the sake not only of creating military and economic defenses, but also of reforming our own society. As a nation we have demonstrated these qualities at other times of crisis. We are capable of demonstrating them again today.





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